



AGENDA ITEM REQUEST

ORIGINATING DEPARTMENT: CENTRAL SERVICES / RISK MANAGEMENT

ROUTING:

CITY MANAGER: _____ DATE: 10/22/2009

CITY MANAGER APPROVAL TO BEGIN PROCEDURES.

SIGNATURE: 

PURCHASING: _____ DATE: _____

PURCHASING APPROVAL: _____ SIGNATURE: _____

LEGISLATIVE AIDE: _____ DATE: 10/22/09 BP

CITY ATTORNEY: _____ DATE: 10/22/09 BP

ITEM REQUEST:

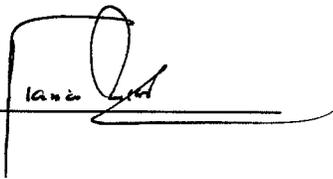
A Resolution of the City of Sunrise approving HMO/PPO employee group health insurance plans through Humana Insurance Company of Florida, Inc. (Humana) at an approximate cost to the City of \$7,675,029 with single and family rates offered on an unblended basis and no changes to coverage benefits for the period January 1, 2010 through December 31, 2010.

FUNDING SOURCE:

Various Departmental Budgets – Health Insurance

AMOUNT:

Approximate City Cost \$7,675,029

BUDGET APPROVAL
SIGNATURE: 

ATTACHED EXHIBITS:

Resolution

Exhibit#1 - HMO/PPO Plan Comparison Analysis – Humana -vs- Vista

Exhibit#2 - HMO/PPO Financial Cost Analysis – Summary of All Proposed Carriers

Exhibit#3 - Proposed HMO/PPO Plan Changes Summary

Exhibit#4 - HMO/PPO Financial Cost Analysis – Current, Blended & Unblended - Humana and Vista

SUMMARY EXPLANATION/BACKGROUND INFORMATION/JUSTIFICATION:

On July 31, 2009, the City issued a Request for Proposal through our benefits consultant, EDIFY, LLC., to eight health insurance companies. Five insurance companies (Humana, Blue Cross/Blue Shield, United HealthCare, Vista and Avmed) provided responsive proposals. The proposals were evaluated by the City consultant based on pricing, network comparison, geographic accessibility, disease management and matching the City's current plan designs. Based on the City consultant's evaluation the incumbent, Humana and Vista were short-listed.

A provider disruption analysis of the top physicians, specialists and hospitals in the tri-county area was conducted to determine the degree of disruption employees would encounter if the City changed to a new carrier. Both Humana and Vista had comparable networks; however, by renewing the City's HMO/PPO plans with Humana, employees would not have any disruption with any provider networks or continuity in patient care.

A HMO/PPO plan comparison analysis (See Exhibit#1) was conducted between Humana's current benefit coverages and Vista's proposed benefit coverages to determine if Vista's plan matched the City's current HMO/PPO benefits without any material reduction in coverage in accordance with several collective bargaining agreements. Vista's benefit coverages matched Humana's current benefit coverages with only minor differences.

A HMO/PPO financial cost analysis summary (See Exhibit#2) was performed on all five proposals based on the following options:

1. No HMO/PPO plan changes on a blended rate basis for single and family rates.
2. No HMO/PPO plan changes on a unblended rate basis for single and family rates.
3. Proposed HMO/PPO plan changes on a blended basis for single and family rates.
4. Proposed HMO/PPO plan changes on a unblended basis for single and family rates.

The proposed plan changes for option #3 and option#4 (See Exhibit#3) were based on utilization studies and adjusted a copayment on the HMO, several deductibles on the PPO, and copayment on prescriptions for brand drugs on both plans.

Staff recommends option #2 to renew with no HMO/PPO plans changes on an unblended basis for single and family rates. This option will provide actuarial rates that are more consistent and equitable when you offer a dual managed care HMO plan design and a open access PPO plan design. By renewing the City's medical plans with no benefit changes and unblended rates, the total plan's annual costs are lowered by \$65,107, of which \$40,193 is saved by the City and \$24,914 is saved by the employees (See Exhibit#4). Additionally, by unblending the rates the City will save money by only having to pay for HMO rates on behalf of employees per collective bargain agreements and City ordinances. Those employees who elect PPO coverage will have the option to voluntarily pay the difference between the unblended HMO rate and unblended PPO rate.

A financial cost analysis shows Humana's current rates and total plan costs for the City and employees as well as the proposed rates and total plan costs with no benefit changes on a blended and unblended basis (See Exhibit#4) for the two short-listed companies, Humana and Vista. Under Humana's proposal with no plan changes and unblended rates, the City's annual cost will be approximately \$7,675,029 and the employee's annual cost will be approximately \$1,072,161. The annual cost for both the City and employees under Humana's proposal will be approximately \$8,747,191, which represents a 3.83% increase over current total annual costs. Under Vista's proposal based on no plan changes and unblended rates, the City's annual cost will be approximately \$7,834,095 and the employee's annual cost will be approximately \$1,201,821. The total annual cost for both the City and employees under Vista's proposal will be approximately \$9,035,916, which represents a 7.25% increase over current total annual costs. Humana's annual costs are \$288,725 lower than Vista's annual costs.

Staff recommends the City approve the HMO/PPO employee group health insurance plans through Humana for the contract period January 1, 2010 through December 31, 2010 with unblended rates and no benefit plan changes.

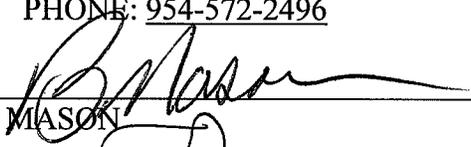
DEPARTMENT HEAD RECOMMENDATION:

APPROVAL

PERSON WITH ADDITIONAL INFORMATION:

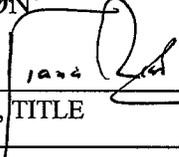
NAME: BILL MASON, RISK MANAGER PHONE: 954-572-2496

DIVISION HEAD SIGNATURE:



BILL MASON

DEPARTMENT HEAD SIGNATURE:



DEPT HEAD NAME, TITLE

CITY MANAGER RECOMMENDATIONS:

APPROVED FOR AGENDA PLACEMENT.

SIGNATURE:  (CITY MANAGER)

SUNRISE, FLORIDA

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF SUNRISE, FLORIDA, APPROVING HMO/PPO EMPLOYEE GROUP HEALTH INSURANCE PLANS THROUGH HUMANA INSURANCE COMPANY OF FLORIDA, INC. FOR THE CONTRACT PERIOD OF JANUARY 1, 2010 THROUGH DECEMBER 31, 2010; PROVIDING FOR FUNDING; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City, through its employee benefits consultant, EDIFY, LLC., issued a Request for Proposal for HMO/PPO employee group health insurance plans; and

WHEREAS, a HMO/PPO financial cost analysis summary was performed on all proposals received based on four (4) options and short-listed Humana Insurance Company of Florida, Inc. (Humana) and VISTA; and

WHEREAS, based on the City's consultant's evaluation, staff is recommending a HMO/PPO plan on an unblended rate basis for single and family rates through Humana which will provide no benefit plan changes;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SUNRISE, FLORIDA:

Section 1. The renewal of the City's Employee Group Health Insurance with Humana Insurance Company of Florida, Inc. (Humana) for the contract period of January 1, 2010

through December 31, 2010 with unblended rates and no benefit plan changes, is hereby approved.

Section 2. The Mayor is hereby authorized to execute this Agreement and all related documents necessary to effectuate coverage subject to the City Attorney's review and approval.

Section 3. Effective Date. This Resolution shall be effective immediately upon its passage.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2009.

Mayor Roger B. Wishner

Authentication:

Felicia M. Bravo
City Clerk

MOTION: _____
SECOND: _____

ALU: _____
ROSEN: _____
SCUOTTO: _____
SOFIELD: _____
WISHNER: _____

Approved by the City Attorney
as to Form and Legal Sufficiency. _____
Stuart R. Michelson

EXHIBIT #1

Category	Co-Pay	Out-of-Pocket Maximum	Annual Maximum	Coinsurance	Benefit	Limit	Other	Notes
PHYSICIANS (Per Calendar Year)	Single: \$0 Family: \$0	\$400	\$400	80%	100%	\$0	Subject to CTD and Colossurance	60%
OUT-OF-POCKET MAXIMUM	Single: \$1,000 Family: \$2,000	\$1,000	\$2,000	80%	100%	\$1,000	Subject to CTD and Colossurance	60%
PHYSICIAN CO-PAY	Single: \$15 Family: \$25	\$15	\$25	100%	100%	\$15	Subject to CTD and Colossurance	60%
PHYSICIAN CO-PAY (after co-pay or deductible)	Single: \$25 Family: \$50	\$25	\$50	100%	100%	\$25	Subject to CTD and Colossurance	60%
HOSPITALIZATION (Inpatient)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%
HOSPITALIZATION (Outpatient)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%
MENTAL HEALTH (Inpatient)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%
MENTAL HEALTH (Outpatient)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%
SUBSTANCE ABUSE (Inpatient)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%
SUBSTANCE ABUSE (Outpatient)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%
EMERGENCY CARE (Emergency Room Co-Pay)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%
RE (Retail DRUG)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%
RE (Mail Order) (90 Day Supply)	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Co-Pay: \$0	Subject to CTD and Colossurance	60%

*Highlighted lines represent a difference as compared to City of Sturteck's current Humana benefits.

EXHIBIT #2
CITY OF SUNRISE
HMO/PPO FINANCIAL COST ANALYSIS - SUMMARY OF ALL PROPOSED CARRIERS
2010 RENEWAL PROPOSAL

	Current	Option#1 No Plan Changes Blended Rates	Option#2 No Plan Changes Unblended Rates	Option#3 Plan Changes Blended Rates	Option#4 Plan Changes Unblended Rates
Humana	\$8,424,746	\$8,812,297	\$8,747,191	\$8,431,855	\$8,364,251
% Variance From Current		4.60%	3.83%	0.08%	-0.72%
AvMed		\$8,967,015	\$8,756,304	\$8,366,634	\$8,339,972
% Variance From Current		6.44%	3.94%	-0.69%	-1.01%
Blue Cross Blue Shield		\$9,828,192	\$9,829,804	\$9,400,687	\$9,409,243
% Variance From Current		16.66%	16.68%	11.58%	11.69%
VISTA A Coventry Health Plan		\$9,012,697	\$9,035,916	\$8,111,418	\$8,132,321
% Variance From Current		6.98%	7.25%	-3.72%	-3.47%
United Healthcare		\$9,820,884	\$9,774,965	\$8,412,799	\$10,169,180
% Variance From Current		16.57%	16.03%	-0.14%	20.71%

EXHIBIT #3

CITY OF SUNRISE
 PROPOSED HMO/PPO PLAN CHANGES SUMMARY
 2010 RENEWAL

Benefit Design	HMO		PPO	
	Current	Proposed	Current	Proposed
Outpatient Surgery / Nonsurgical Care	100%	100 Copayment		
In-network and Out-of-Network Individual & Family Annual Deductibles			\$300 / \$600 In-Network \$400 / \$800 Out-of-Network	\$500 / \$1,000 In-Network \$1,000 / \$2,000 Out-of-Network
In-network and Out-of-Network Individual & Family Out-of-Pocket Maximums			\$1,000 / \$2,000 In-Network \$2,000 / \$4,000 Out-of-Network	\$2,000 / \$4,000 In-Network \$4,000 / \$8,000 Out-of-Network
Level Two (Brand) Drug's Copayment	\$25	\$35	\$25	\$35

EXHIBIT #4 (Continued)

CITY OF SUNRISE
HMO/PPO FINANCIAL COST ANALYSIS - VISTA'S 7.25% INCREASE
NO PLAN CHANGES WITH UNBLENDED RATES

Type of Coverage	Total	Census	City Bi-Weekly Rate Per Employee	City Bi-Weekly Rate All Employees	Employee Bi-Weekly Contribution	Total Bi-Weekly Employee Contribution	Total Cost
PPO							
Single	\$ 451.59	93	\$ 208.43	\$ 19,384	\$ -	\$ -	\$ 19,384
Family	\$ 1,265.41	102	\$ 584.04	\$ 46,803	\$ 125.19	\$ 12,769	\$ 59,572
Single - Management	\$ 451.59	11	\$ 208.43	\$ 2,293	\$ -	\$ -	\$ 2,293
Family - Management	\$ 1,265.41	52	\$ 584.04	\$ 30,370	\$ -	\$ -	\$ 30,370
PPO Bi-Weekly Cost				\$ 98,850		\$ 12,769	\$ 111,619
PPO Monthly Cost				\$ 214,174		\$ 27,667	\$ 241,841
PPO Annual Cost				\$ 2,570,087		\$ 332,004	\$ 2,902,091
HMO							
Single	\$ 434.10	220	\$ 200.35	\$ 44,077	\$ -	\$ -	\$ 44,077
Family	\$ 1,216.39	278	\$ 441.07	\$ 122,617	\$ 120.34	\$ 33,455	\$ 156,072
Single - Management	\$ 434.10	16	\$ 200.35	\$ 3,206	\$ -	\$ -	\$ 3,206
Family - Management	\$ 1,216.39	58	\$ 561.41	\$ 32,562	\$ -	\$ -	\$ 32,562
HMO Bi-Weekly Cost				\$ 202,462		\$ 33,455	\$ 235,916
HMO Monthly Cost				\$ 438,667		\$ 72,485	\$ 511,152
HMO Annual Cost				\$ 5,264,008		\$ 869,817	\$ 6,133,825
Total Bi-Weekly Cost				\$ 301,311		\$ 46,224	\$ 347,535
Total Monthly Cost				\$ 652,841		\$ 100,152	\$ 752,993
Total Annual Cost				\$ 7,834,095		\$ 201,811	\$ 9,035,916
Plan Type / Tier							
City's Total Cost							
Employees Total Cost							
Census							

